

VALUATION OF PETROLEUM
AND NATURAL GAS INTERESTS
OWNED BY
INDEPENDENT OIL & GAS COMPANY, INC.

RALPH E. DAVIS
ENGINEER

NEW YORK
90 BROAD STREET

PITTSBURGH
1710 UNION BANK BUILDING

PETROLEUM AND NATURAL GAS

1434 COMMERCE BUILDING
HOUSTON

October 11, 1948

Mr. James A. Noe
Monroe, Louisiana

Dear Mr. Noe:

At your request I have made a detailed study of the overriding royalty interests owned by the Independent Oil & Gas Company, Inc. in a number of Louisiana State leases located in the Louisiana Gulf Coast area.

Our study of certain working interests and royalty interests in the Monroe and Sligo fields of Louisiana owned by Independent has not been completed.

The Company holds a variable interest in 5 State leases which extend over productive areas of 8 Gulf Coast oil fields and 3 gas fields. Among the major oil fields are West Cote Blanche, Bayou Sale, Grand Lake, Delacroix and Delta Duck Club. Among the gas fields only Bateman Lake is here referred to as a major field. This latter field produces some oil from one well but this production is localized and relatively small.

I have estimated the gross proven reserves of these fields as of July 1, 1948 at 62,894,000 barrels and the net interest to the Company at 1,495,650 barrels. Valued on the basis of present net prices, averaging \$2.43, indicates an ultimate pay out of \$3,597,700.00. During the month of June 1948, the net oil production interest of the Company was 6,893 barrels valued at \$16,742.00 or at an average annual earning rate of \$200,800.00. The gross and net oil reserves as well as present rates of production and values are shown in the attached Table 1.

Bateman Lake field is unitized for the purpose of gas cycling operations. The gas produced goes through a gasoline plant and after recovering the condensate the dry gas is returned to the reservoir.

I have estimated the condensate reserves to be recovered from the Bateman Lake field at 13,500,000 barrels or 131,625 barrels net to the Company as shown in Table 2. The Company's net interest of .00975 represents the equity of participation in the Bateman Lake Unit. The value of the condensate net production from the above field is estimated at \$367,000.00, and the present earnings are estimated at \$16,760.00 per year.

Some condensate is now being produced from the Rabbit Island Dome indicating a net earning of \$800.00 per year. No estimate was made of the relatively small reserves and the total value was estimated at ten times the present rate of annual earnings.

Relatively small volumes of condensate are also recovered from gas produced from the Delacroix and Delta Duck Club fields. The value of this condensate is estimated at \$7,500.00 and \$4,400.00, respectively.

The total future income from condensate production is estimated at \$387,000.00 as shown in Table 2.

I have estimated the gross gas reserves of Bateman Lake field at 792,600,000 Mcf at 14.7 psia and the Company's equity in this gas at 7,728,000 Mcf. Small quantities of gas are being sold at an average price of 3.65 cents per Mcf. In my opinion, the Bateman Lake field gas can in a near future year be sold on the present competitive market to a major gas transmission line and should bring an average price of at least 8 cents per Mcf or a net of 6.7 cents after deduction of the Louisiana gas gathering tax and severance tax. At this price, the ultimate income to Independent is estimated at not less than \$517,800.00 and on the basis of a 25-year period of production would average an annual net earning of \$20,700.00.

The reserves, present rates of production and earnings from gas reserves are shown in Table 3. The gross reserves are estimated at 926,920,000 Mcf and the net reserves of the Company at 8,334,000 Mcf. The value of gas that occurs separately from the oil has been valued at 6.7 cents whereas the value of the flared gas has been maintained at its present net price of 3.7 cents. On the basis of these prices the sale value of the net reserve is estimated at \$576,500.00 with an estimated average annual earning of \$23,000.00.

The gas cap reserves of principal oil sands have not been estimated because the presently produced casinghead gas is used in lease operations and the remaining gas cap gas will not become available for at least 15 years until the oil reserve has been substantially depleted.

SUMMARY

I have estimated the future income of the net interest of Independent Oil & Gas Company in the Louisiana State Leases No. 334, 335, 340, 341 and 344 covering 11 oil and/or gas fields at \$4,561,310.00 as detailed in Table 4. The above figure does not include the value of certain working interests and royalty or overriding royalties owned by the Company in the Monroe, Sligo and Belle Isle fields.

The estimated present annual earnings based on the net earnings to the Company for the month of June 1948, totaling \$239,400.00 are shown in Table 5. These values include the earnings from the Sligo field. In the last column of Table 5 are shown the anticipated future earnings based on a reasonable sale price for the presently shut-in gas reserve. No future earning values are given for the Monroe and Sligo fields properties at this time.

Yours very truly,

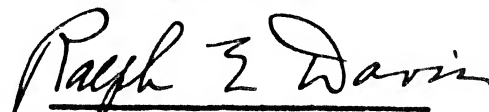

Ralph E. Davis

Table 1

Independent Oil & Gas Company, Inc.
Valuation of Oil Interest
as of July 1, 1948

Field	Gross Reserves Bbls.	Ind. O&G Interest	Net Reserves Bbls.	Production June '48 Gross Bbls.	Net Bbls.	June '48 Net Earnings	Value per Bbl. Net	Total Sale Value Net Reserves	Present Net Annual Earnings
N. Cote Blanche	22,561,000	.03125	705,000	99,884	3,121	\$ 7,453	\$ 2.39	\$1,684,950	\$ 89,400
Bayou Sale	6,928,000	.03125	216,500	37,072	1,159	2,852	2.46	532,590	34,200
Grand Lake	14,970,000	.03125	467,800	38,692	1,209	2,879	2.38	1,113,400.	34,500
Grand Bay	1,286,000	.03125	40,200	22,726	710	1,842	2.59	104,120	22,100
Vermillion Bay	77,000	.03125	2,400	2,485	78	192	2.46	5,900	2,300
Delacroix	4,572,000	.00781	35,700	49,401	386	949	2.46	87,820	11,400
Delta Duck Club	12,236,000	.00174	21,300	56,851	99	240	2.42	51,550	2,900
Quarantine Bay	192,000	.02344	4,500	2,842	67	174	2.60	11,700	2,100
Bateman Lake	72,000	.03125	2,250	2,040	64	161	2.52	5,670	1,900
Total	62,894,000	.02378	1,495,650	311,993	6,893	16,742	\$2.43	\$3,597,700	\$200,800

Table 2

Valuation of Condensate Interest (a)

Bateman Lake	13,500,000	.00975	131,625	51,375	501	\$ 1,397	\$ 2.79	\$ 367,230	\$ 16,760
Rabbit Island	(b)	.03125	(b)	812	25	67	2.68	(b) 8,000	800
Delacroix	360,000	.00781	2,785	-	-	-	2.70	7,500	300
Delta Duck Club	940,000	.00174	1,636	-	-	-	2.70	4,400	180
Total	14,800,000		136,046	52,187	526	\$ 1,464		\$ 387,130	\$ 18,040

Note (a) Where major production is oil, the reserve, production and value of the Condensate has been included with the oil.
Note (b) The reserves of Rabbit Island Dome are considered relatively small, and have not been valued. At 10 times the present estimated annual earnings, the total estimated value of the net interest would be \$8,000.

Table 3

Independent Oil & Gas Company, Inc.Valuation of Gas Interest

as of July 1, 1948

Field	Gross Reserves Mcf 14.7	Ind.O&G Interest Mcf 14.7	Net Reserves Mcf 14.7	Prod. June '48 Gross	June '48 -Mcf 14.7 Net	June '48 Net Earnings	Pres. Value per Mcf	Fut. Value per Mcf	Total Value Net Reserves	Pres. Net annual Earnings	Est. Fut. annual Earnings
Catman Lake	792,600,000	.00975	7,728,000	675	6	24 cents	3.64	6.74	\$517,780	\$ 3	\$20,700
Vermillion Bay	5,382,000	.03125	168,200	69,712	2,178	\$80	3.7	3.7	8,400	960	960
Bayou Sale	(c)	.03125	(c)	3,615	113	4	3.6	3.6	20,000	50	50
Quarantine Bay	(c)	.03125	(c)	4,580	143	5	3.7	3.7	1,000	60	60
Delacroix	35,144,500	.00781	274,600	-	-	-	-	6.7	18,400	-	740
Delta Duck Club	93,793,500	.00174	163,200	-	-	-	-	6.7	10,900	-	440
	926,920,000		8,334,000	78,582	2,440	\$91			\$576,480	\$1,073	\$22,950

Note (a) Estimated future value of gas per Mcf based on average price of 8 cents now being paid by Major Gas Transmission lines less 1 cent gathering tax and .3 cents severance tax or a net price of 6.7 cents per Mcf.

Note (b) Estimated future earnings based on the average take that will support a 25 year average contractual obligation at the future estimated price.

Note (c) Gas at Bayou Sale and Quarantine Bay occurs as gas cap of important oil sands and also in solution in the oil. The reserve of gas cap gas is appreciable but it will not be available for 15 years or longer. Present earnings are from sale of casinghead gas.

Table A

Independent Oil and Gas Company, Inc.

Estimated Future Income of Overriding Royalty Interests in various
Louisiana Gulf Coast Fields as of July 1, 1948

<u>Name of Field</u>	<u>Oil</u>	<u>Condensate</u>	<u>Gas</u>	<u>Total</u>	<u>Atwater Est. 1-1-48</u>
West Cote Blanche	\$1,684,950	Not estimated		\$1,684,950	\$1,611,467
Batonian Lake	5,670	\$367,230	\$517,780	890,680	590,900
Bayou Sale	532,590	-	20,000	552,590	604,762
Grand Lake	1,113,400	Not estimated		1,113,400	1,311,137
Grand Bay	104,120	"	"	104,120	118,240
Vermillion Bay	5,900		8,400	14,300	13,852
Delacroix	87,820	7,500	18,400	113,720	117,534
Delta Duck Club	51,550	4,400	10,900	66,850	50,950
Quarantine Bay	11,700	-	1,000	12,700	13,981
Rabbit Island	-	8,000	-	8,000	-
Total	\$3,597,700	\$387,130	\$576,480	\$4,561,310	\$4,432,823

Other interests as yet not valued by Ralph E. Davis

Belle Isle	1,898
Monroe	159,948
Sligo	<u>827,952</u>
	989,798
Grand Total	\$5,422,621

Table 5

Independent Oil and Gas Company, Inc.

Estimated present annual earnings and annual future earnings

	<u>Present Earnings based on June '48 earnings</u>				<u>Estimated future earnings</u>
	<u>Oil</u>	<u>Condensate</u>	<u>Gas</u>	<u>Total</u>	<u>Total</u>
West Cote Blanche	\$ 89,400	-		\$ 89,400	\$ 89,400
Bateman Lake	1,900	\$16,760	\$ 3	18,663	38,000
Bayou Sale	34,200	-	50	34,250	34,250
Grand Lake	34,500	-		34,500	34,500
Grand Bay	22,100	-		22,100	22,100
Vermillion Bay	2,300	-	960	3,260	3,260
Delacroix	11,400	300		11,700	12,440
Delta Duck Club	2,900	180		3,080	3,520
Quarantine Bay	2,100	-	60	2,160	2,160
Rabbit Island	-	800		800	800
Belle Isle	-	-		-	
Monroe	Data not available			?	? *
Sligo W. I.	-	Data not avail.	18,850	18,850	18,850 *
" Royalties	-	" " "	633	633	633 *
Total	\$200,800	\$18,040	\$20,556	\$239,396	\$259,913

* Monroe and Sligo not studied for purpose of this report. Figures shown for these fields are taken from report of Gordon Atwater, geologist of New Orleans.

Mr. James A. Noe
Bernhardt Building
Monroe, Louisiana.

R E P O R T

INDEPENDENT OIL & GAS COMPANY, INC.
New Orleans - La.

DECEMBER 31, 1948

BARTON, PILIÉ, SERÉ & WERMUTH
CERTIFIED PUBLIC ACCOUNTANTS
NEW ORLEANS

INDEX TO REPORT
of
INDEPENDENT OIL & GAS COMPANY, INC.
New Orleans - La.

DECEMBER 31, 1948

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BARTON, PILIÉ, SERÉ & WERMUTH

MEYER BARTON
LOUIS H. PILIÉ
DARBY SERÉ
CHAS. E. WERMUTH, 1860-1943
IRVING B. COHEN
ABNER E. HUGHES

CERTIFIED PUBLIC ACCOUNTANTS

CARONDELET BUILDING
NEW ORLEANS 12, LA.

MEMBERS
SOCIETY OF L.A.C.P.A.'S.
AMERICAN INSTITUTE OF ACCOUNTANTS

March 18, 1949

**Officers, Board of Directors
and Stockholders
Independent Oil & Gas Company, Inc.
822 Perdido Street
New Orleans, Louisiana**

Gentlemen:

In accordance with our engagement, we have transcribed the books of original entry, posted the general ledger and prepared, on the cash receipts and disbursements basis, the Balance Sheet and Statement of Income and Expense of the Independent Oil & Gas Company, Inc., for the calendar year 1948.

As the Company's records are maintained on the basis of cash receipts and disbursements and since the Company's activities are for the most part carried on through joint operations, we did not deem it necessary to circularize trade debtors or creditors.

The amount representing the investment of the Company in Farrell and Company of Louisiana (A Partnership) and the income derived therefrom were verified by us by independent audit of the partnership's records, the results of which are set forth in our audit report on Farrell and Company of Louisiana dated February 19, 1949.

The information in regard to the number of oil and gas wells was obtained from Gordon I. Atwater, Consulting Geologist.

We submit herewith our report on the Company's operations, together with supporting statements as enumerated in the index hereto prefixed.

BRIEF HISTORY

The Company was organized on November 20, 1934 as the "Win or Lose Corporation" to enter into any and all contracts and agreements necessary for

the drilling and prospecting for oil, gas and other minerals. On April 7, 1941 the Company changed its name to the Independent Oil & Gas Company, Inc. and has since been operating under that name.

Total authorized capital of the Company consists of 100 shares of par \$100.00 common stock, all of which was issued and outstanding at the balance sheet date. A list of the stockholders, showing also the Officers and Board of Directors, is set forth in Folio 6 of this report.

The Company's income is derived principally from certain working and overriding royalty interests in 86 oil wells and 75 gas wells on leases as detailed in Folios 6 and 7.

FINANCIAL POSITION

The financial position of the Company at December 31, 1948 is reflected in the Balance Sheet, Folio 1, a summary of which is presented below showing comparison with similar items as of December 31, 1947.

<u>Assets</u>	<u>12/31/48</u>	<u>12/31/47</u>	<u>Increase Decrease</u>
Current Assets	\$ 3,684.84	\$ 4,388.04	\$ 703.20
Investment	103,464.51	125,537.37	22,072.86
Fixed Assets - Net	107,283.84	105,718.02	1,565.82
Total	<u>\$ 214,433.19</u>	<u>\$ 235,643.43</u>	<u>\$ 21,210.24</u>
<u>Capital</u>			
Capital Stock	\$ 10,000.00	\$ 10,000.00	\$ --
Earned Surplus	204,433.19	225,643.43	21,210.24
Total	<u>\$ 214,433.19</u>	<u>\$ 235,643.43</u>	<u>\$ 21,210.24</u>

RESULTS OF OPERATIONS

Operations for the calendar year 1948 resulted in a net profit of \$231,833.83, before provision for Federal and State income taxes thereon. Payment of the 1947 income taxes, aggregating \$43,014.07, reduced this income to

Independent Oil & Gas Company, Inc.

March 18, 1949

\$ 183,789.76. The Federal and State income taxes for the year 1948, payable during 1949, amount to \$ 59,635.30 but have not been accrued as the Company is on the cash receipts and disbursements basis of accounting.

Details of operations are set forth in the Statement of Income and Expense, Folio 2. The following is a summary thereof together with the results of the year 1947 for comparative purposes.

<u>Income:</u>	<u>1948</u>	<u>1947</u>	<u>Increase Decrease</u>
Working Interest Income	\$ 35,218.82	\$ 17,963.80	\$ 17,255.02
Royalties	<u>240,920.19</u>	<u>157,520.29</u>	<u>83,399.90</u>
Total	\$ 276,139.01	\$ 175,484.09	\$ 100,654.92
Less: Severance Tax	<u>17,880.89</u>	<u>9,577.93</u>	<u>8,302.96</u>
Net Income from Oil and Gas Sales	\$ 258,258.12	\$ 165,906.16	\$ 92,351.96
Net Income from Farrell and Company of Louisiana	<u>18,059.34</u>	<u>31,901.04</u>	<u>13,841.70</u>
Miscellaneous Income	<u>115.70</u>	<u>--</u>	<u>115.70</u>
Total Income	\$ 276,433.16	\$ 197,807.20	\$ 78,625.96
Operating Expenses	<u>34,311.39</u>	<u>7,813.35</u>	<u>26,498.04</u>
Operating Income	\$ 242,121.77	\$ 189,993.85	\$ 52,127.92
Other Expenses	<u>10,287.94</u>	<u>8,350.77</u>	<u>1,937.17</u>
Net Income Before Taxes	\$ 231,833.83	\$ 181,643.08	\$ 50,190.75
Federal and State Income Taxes	<u>48,044.07</u>	<u>31,748.22</u>	<u>16,295.85</u>
Net Income	<u>\$ 183,789.76</u>	<u>\$ 149,894.86</u>	<u>\$ 33,894.90</u>

During the year the Company conducted workover operations on the Thompson and Edwards wells at costs of \$ 15,436.55 and \$ 7,327.01 respectively.

BALANCE SHEET

The following paragraphs, applicable to Balance Sheet items, are submitted in further explanation of our verification of the assets and liabilities of the Company as of December 31, 1948.

Independent Oil & Gas Company, Inc.

March 18, 1949

NATIONAL AMERICAN BANK, NEW ORLEANS, LA.	-	\$ 3,229.50
FIRST NATIONAL BANK, SHREVEPORT, LA.	-	265.01
CENTRAL SAVINGS BANK & TRUST CO., MONROE, LA.	-	<u>190.33</u>
<u>TOTAL CASH IN BANKS</u>	-	<u>\$ 3,684.84:</u>

The balances on deposit were confirmed directly to us by the depository banks and the amounts so reported were reconciled with the balances as reflected in the books of the Company.

There was no activity during the year in the accounts with the Citizens Bank & Trust Co. and the First National Bank, the latter which account is still being carried by the bank in the name of the Win or Lose Corporation.

FARRELL AND COMPANY OF LOUISIANA (A PARTNERSHIP) - \$ 103,464.51:

The Company owns a twenty-five percent interest in Farrell and Company of Louisiana (A Partnership), Fort Worth, Texas, as evidenced by the operating agreement dated November 9, 1934, a copy of which was examined by us.

As mentioned previously in this report, we were engaged independently to make a limited examination of the books and records of Farrell and Company, the results of which are set forth in our report dated February 19, 1949, which is being submitted under separate cover.

The changes during the year in this investment are summarized below:

Balance - January 1, 1948	\$ 125,448.92
Add: Independent's portion of profits for calendar year 1948	<u>18,059.34</u>
Total	\$ 143,508.26
Less: Drawings for calendar year 1948	<u>40,043.75</u>
Balance - December 31, 1948	<u>\$ 103,464.51</u>

On Folio 4 of this report is presented a Statement of Income and Expense of Farrell and Company for the year 1948, showing Independent's twenty-five percent of the net income.

Independent Oil & Gas Company, Inc.

March 18, 1949

LEASE COSTS - \$ 102,483.94:

Details of this account are as follows:

	<u>Lease</u>	<u>Amount</u>
Stock issued to Incorporators	State Lease 309	\$ 10,000.00
Funds paid to Clay Locke for Expenses	Edwards Estate No. 1	25.00
Funds paid to Producers Oil and Gas Co. for mineral rights	Evidently Sligo Royalties	586.35
Compromise settlement with State Mineral Board	State Leases 335 and 340	2,500.00
Title Expense	Porter	281.59
Legal Expense	Sligo Leases	1,500.00
Purchase of Sligo leasehold interests per check dated August 27, 1935	Sligo Leases	87,500.00
Legal and Title Expense	Edwards Estate	<u>91.00</u>
Total		<u>\$ 102,483.94</u>

It will be noted from the above that costs totaling \$ 89,586.35 have been incurred for Sligo leases and royalties. Our investigation in prior years disclosed that the greater portion of this cost was incurred for leases no longer in effect, but due to lack of detail as to the exact amount expended for each of the leases, there is no equitable method of writing off those which have expired.

There is no reserve for depletion recorded on the books due to the fact that the computation of cost depletion, required by correct accounting procedures, is rendered impossible by the lack of identification of the remaining costs in the records as to the several producing leases and royalties.

Presented on Folios 6 and 7 is a listing by fields of the interests owned by the Company. This summary was prepared from information furnished us by Gordon I. Atwater, consulting geologist for the Company. The net proven reserves underlying these properties were not available at the date of this report, but will be presented by Mr. Atwater in his report at a later date.

Independent Oil & Gas Company, Inc.

March 18, 1949

LEASE EQUIPMENT	- \$ 40,975.17
LESS: RESERVE FOR DEPRECIATION	- <u>36,175.27</u>
NET BOOK VALUE	- \$ <u>4,799.90:</u>

Additions to lease equipment during the year were verified by examination of supporting vouchers.

Depreciation has been provided to December 31, 1948 at rates approved by the Federal and State taxing authorities. It is the policy of the Company to depreciate this equipment on a straight line basis at rates which, in the opinion of the Company officials, will amortize the cost of these assets over their estimated useful lives.

COMMON STOCK - \$ 10,000.00:

The authorized capital stock of the Company consists of 100 shares of common stock having a par value of \$ 100.00 each, all of which was issued and outstanding as of the balance sheet date. We inspected the stock certificate book of the Company and found the ownership of the certificates to be as is set forth in Folio 5.

EARNED SURPLUS - \$ 204,433.19:

The changes in this account during the year are summarized as follows:

Balance - January 1, 1948	\$ 225,643.43
Add: Net Income for Year After Deducting Income Taxes Paid (Folio 2)	<u>183,789.76</u>
Total	\$ 409,433.19
Less: Dividends Paid (Folio 5)	<u>205,000.00</u>
Balance - December 31, 1948	<u>\$ 204,433.19</u>

INDEPENDENT OIL & GAS COMPANY, INC.
New Orleans - La.

STATEMENT OF INCOME AND EXPENSE

- YEAR ENDED DECEMBER 31, 1948

INCOME:

Working Interest Income -

Pettet	\$ 15,492.53
Edwards	3,818.71
Thompson	11,015.54
Bozeman-McDade	<u>4,892.04</u>

TOTAL \$ 35,218.82

Royalties-

Sligo	\$ 1,320.91
State Lease 323	99.82
State Lease 334	3,508.32
State Lease 335	38,362.99
State Lease 340	139,147.96
State Lease 341	20,727.35
State Lease 344	<u>37,752.84</u>

TOTAL 240,920.19

TOTAL GROSS INCOME

\$ 276,139.01

Less: Severance Tax

17,800.89

NET INCOME FROM OIL AND GAS SALES (FOLIO 3)

\$ 258,258.12

NET INCOME FROM FARRELL AND COMPANY OF

LOUISIANA (FOLIO 4)

18,059.34

Miscellaneous Income

115.70

TOTAL INCOME

\$ 276,433.16

OPERATING EXPENSES:

Supervision (Folio 5)	\$ 3,000.00
Lease Operating Expenses	2,652.93
Geologists' Fees	4,774.95
Workover Expense	22,763.56
Depreciation	<u>1,119.25</u>

TOTAL OPERATING EXPENSES

34,311.39

OPERATING INCOME

\$ 242,121.77

OTHER EXPENSES:

Officer's Salary (Folio 5)	\$ 3,000.00
Office Salary (Folio 5)	150.00
Office Expense	432.38
Legal and Accounting	5,403.69
Directors' Fees and Mileage (Folio 5)	1,098.55
Entertainment Expense	52.82
Taxes - Other than Income Taxes	<u>150.00</u>

TOTAL OTHER EXPENSES

10,287.94

NET INCOME BEFORE FEDERAL AND STATE INCOME

\$ 231,833.83

TAXES FOR PREVIOUS YEAR

Federal and State Income Taxes for Calendar

Year 1947 Paid during 1948

48,044.07

NET INCOME AFTER INCOME TAXES

\$ 183,789.76

INDEPENDENT OIL & GAS COMPANY, INC.
New Orleans - La.

STATEMENT OF GROSS INCOME

MONTH	TOTALS		PETROLEUM		WORKING		INTERESTS		BOZEMAN - MC DADE	
	QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT
OIL (QUANTITY IN BARRELS)*:										
January	6,986	\$ 17,978.70								
February	7,003	18,538.67								
March	6,444	17,159.86								
April	6,863	18,271.73								
May	7,153	19,033.20								
June	7,739	20,362.08								
July	7,418	19,868.32								
August	8,089	21,426.94								
September	7,911	20,922.51								
October	7,758	20,486.95								
November	8,251	21,847.69								
December	8,492	22,474.72								
Independent's Gross Oil Income	90,107	\$ 233,451.44								
Less: Severance Tax		15,088.93								
NET PROCEEDS FROM OIL		\$ 223,332.51								
GAS (QUANTITY IN MCF)*:										
Period June thru November, 1947										
January	1,584	79.22								
February	40,124	2,117.35								
March	19,793	1,048.99								
April	56,506	3,016.97								
May	57,066	3,013.78								
June	71,876	3,844.28								
July	44,003	2,421.67								
August	41,074	2,245.56								
September	58,877	3,123.83								
October	82,871	4,258.02								
November	69,420	3,714.81								
December	80,517	4,168.73								
	85,933	4,594.36								
Independent's Gross Gas Income	709,666	\$ 37,717.57								
Less: Severance Tax		2,781.95								
NET PROCEEDS FROM GAS		\$ 34,925.61								
TOTALS:										
Gross Income		\$ 276,139.01								
Severance Tax		17,880.89								
NET INCOME		\$ 258,258.12								

*Sales of condensate were inadvertently included among gas sales, resulting in a slight distortion of both oil and gas income.

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INDEPENDENT OIL & GAS COMPANY, INC.
New Orleans - La.

DIVIDENDS, SALARIES, DIRECTORS' FEES AND MILEAGE

YEAR 1948

<u>NAME</u>	<u>TITLE</u>	<u>SHARES OF CAPITAL STOCK OWNED</u>	<u>DIVIDENDS</u>	<u>SALARIES</u>	<u>DIRECTORS' FEES</u>	<u>MILEAGE</u>	<u>TOTAL</u>
James A. Noe	Director	1	\$ 26,050.00	\$ --	\$ 10.00	\$ 28.20	\$ 26,088.20
Seymour Weiss	President	24	49,200.00	--	110.00	--	49,310.00
Mrs. Huey P. Long	Director	15	26,650.00	--	110.00	97.20	26,857.20
Russell Long	Director	6	12,300.00	--	10.00	8.20	12,318.20
Palmer Long	Director	6	12,300.00	--	110.00	110.15	12,520.15
Rose Long McFarland	Director	6	12,300.00	--	110.00	29.60	12,439.60
Joyce Allen Stare	Director	4	8,200.00	--	--	--	8,200.00
O. K. Allen, Jr.	Director	4	8,200.00	--	110.00	81.20	8,391.20
Asa Allen	Director	4	8,200.00	--	--	--	8,200.00
Earle Christenberry	Secretary-Treasurer	1	2,050.00	3,000.00	110.00	--	5,160.00
Mrs. W. S. Tharp	Director	1	2,050.00	--	--	--	2,050.00
D. B. McConnell, Jr.	Field Manager	-	--	3,000.00	--	64.00	3,064.00
Citizens' Bank of Weston		30*	37,500.00	--	--	--	37,500.00
Office Salary for Operations of Sligo Wells		--	--	150.00	--	--	150.00
TOTALS		100	\$ 205,000.00	\$ 6,150.00	\$ 680.00	\$ 418.55	\$ 212,248.55

* James A. Noe has pledged 30 shares of his capital stock as collateral for a personal loan with the Citizens' Bank of Weston. The bank required that the certificates therefor be cancelled and reissued in its name and that the dividends thereon be made payable to the bank for application against the loan balance. Upon liquidation of the loan, the stock will be surrendered to the company for reissue to Mr. Noe.

INDEPENDENT OIL & GAS COMPANY, INC.
New Orleans - La.

PROPERTIES OWNED

DECEMBER 31, 1948

<u>LEASE</u>	<u>FIELD</u>	<u>INTEREST OWNED</u>	<u>NUMBER OF WELLS</u>	
			<u>OIL</u>	<u>GAS</u>
Farrell and Company (State Lease 309, etc.)	Monroe Gas Field - Morehouse, Ouachita and Union Parishes, La.	1/4 Working Interest	--	50
State Lease 323	Bayou Boullion Dome, St. Martin Parish, La.	Exact ownership not known.	---	--
State Lease 334	Vermillion Bay, Iberia Parish, La.	1/32 Overriding Royalty	1	3
State Lease 335	Delacroix Island, Plaquemines Parish, La.	1/128 Overriding Royalty due to unitization with lands of the Delacroix Corporation.	12	2
	Delta Duck Club, Plaquemines Parish, La.	.0017415 Overriding Royalty due to unitization of the land with state owned water bottoms.	14	1
	Grand Bay Field, Plaquemines Parish, La.	1/32 Overriding Royalty	5	-
	Quarantine Bay Field, Plaquemines Parish, La.	.023437 Overriding Royalty due to compromise agree- ment between The Texas Co. and Gulf Refining Co.	2	-
State Lease 340	Bayou Sale, Plaquemines Parish, La.	1/32 Overriding Royalty	6	-
	Belle Isle Dome, Plaquemines Parish, La.	1/32 Overriding Royalty	-	1
	Cote Blanche Island Dome, St. Mary Parish, La.	1/32 Overriding Royalty	1	1
	Rabbit Island Dome, Iberia Parish, La.	1/32 Overriding Royalty	-	2
	South Marsh Island Prospects, Vermillion and Iberia Parishes, La.	1/32 Overriding Royalty	-	-
	West Cote Blanche Bay, St. Mary Parish, La.	1/32 Overriding Royalty	30	5

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INDEPENDENT OIL & GAS COMPANY, INC.
New Orleans - La.

PROPERTIES OWNED

<u>LEASE</u>	<u>FIELD</u>	<u>INTEREST OWNED</u>	<u>DECEMBER 31, 1948</u>	
			<u>NUMBER OF WELLS</u> <u>OIL</u>	<u>GAS</u>
State Lease 341	Bateman Lake, St. Mary Parish, La.	1/32 Overriding Royalty in Oil Production .00975 Overriding Royalty in Gas and Condensate due to unitization of this area.	1	5(*)
State Lease 344	Grand Lake, Cameron Parish, La.	1/32 Overriding Royalty	14	-
Sligo	Sligo	7/16 Working Interest in 5 wells and several royalty interests	-	5
TOTALS			<u>86</u>	<u>75</u>

(*) Does not include five injection wells used in recycling process nor ten shut in wells to be produced at a later date.